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Basel, Switzerland

## News Release

### ***First Quarter Sales up 16% -- A Very Strong Start to the Year for Ciba Specialty Chemicals***

- **Healthy second-half 1999 trend continues**
- **All divisions post double-digit sales increases and strong volume gains**
- **Solid performances in Western Hemisphere, Asia and much of Europe**
- **Clear profitability increase expected in 2000**

#### **Company Overview**

Ciba Specialty Chemicals posted sales during the first quarter of 2000 of CHF 2.44 bio, 16% higher in Swiss Francs and 6% higher in local currencies than the first quarter of 1999. For continuing operations\*, sales totaled CHF 1.97 bio, also an increase of 16% in Swiss Francs and 6% in local currencies. The first quarter performance also continued the positive sales trend which began in the second half of 1999, with first quarter sales 4% higher than the strong fourth quarter of 1999.

Geographically, sales were up sharply throughout the Western Hemisphere, China and Southeast Asia. This reflects the expected improvement following last year's economic difficulties in South America and the Far East as well as strong business gains and a positive currency effect. Most of Western Europe saw solid single-digit increases.

On a consolidated basis, volume gains reached double-digits with particularly strong performances from Additives and Colors. Pricing trends were mixed among divisions, with improvement seen in Additives, steady conditions in Colors, and competitive market conditions leading to lower prices in Consumer Care and Water Treatments. In all cases, volume gains more than compensated for any price declines.

*\*In December 1999, the Company signed an agreement under which Morgan Grenfell Private Equity will buy the Performance Polymers division.*

## **Outlook**

The strong first quarter sales figures reflect a sharp rebound from the first quarter of 1999, when trading was impacted by an economic slowdown in the specialty chemicals industry. The positive business environment which began in the second half of 1999 clearly continued into the first quarter of 2000. A continuation of this trend in profitable sales growth, coupled with the benefits of the internal restructurings undertaken during the past year, will lead to a clear increase in profitability. Barring any unforeseen substantial changes in the economy and in financial and industrial markets, the Company is confident that the stated 2000 EBITDA target range of 16% to 17% will be achieved.

## **Divisional Overview – Continuing Operations**

### **Additives**

Additives sales increased 16% to CHF 937 mio. Excluding Water Treatments, division sales totaled CHF 663 mio, up 18%. Polymer Additives, Imaging and Coating Additives and Process and Lubricants Additives all recorded strong sales advances.

Water Treatments sales reached CHF 274 mio, an increase of 12%. The one percent growth in local currencies was due to increased pricing pressure on UK-based exports resulting from the 12% gain in the British Pound against the Swiss Franc in the past year. Particularly strong growth was registered by the Paper Technology and Extractive Industries businesses.

### **Colors**

The Colors division increased sales by 18%, to CHF 662 mio. Both Colors for Inks, Paints and Plastics and Colors for Textiles turned in very strong performances.

### **Consumer Care**

Consumer Care sales were 13% higher, at CHF 372 mio. Home and Personal Care, Paper Chemicals and Textile Chemicals improved sales over the first quarter of 1999, with particularly strong showings by Paper Chemicals and Textile Chemicals.

## **Discontinued Operations – Performance Polymers**

Sales in the Performance Polymers division reached CHF 469 mio, an increase of 14%. All three businesses – Electrical/Electronics, Resin Systems and Adhesives and Tooling – saw strong sales growth.

Significant progress has been made toward the sale of Performance Polymers to Morgan Grenfell Private Equity. All regulatory approvals have been received in the U.S. and Europe, a CEO has been appointed for the new organization and separation of the division is well advanced. The company is working hard with the buyer to conclude the deal as fast as possible.

Continuing Operations			% Change	
	January to March 2000 in CHF mio	January to March 1999 in CHF mio	In CHF	In local currencies
<b>Additives</b>	937	803	16	5
<i>Additives (excluding Water Treatments)</i>	663	559	18	7
<i>Water Treatments*</i>	274	244	12	1
<b>Colors</b>	662	560	18	9
<b>Consumer Care</b>	372	330	13	4
<b>TOTAL CONTINUING OPERATIONS</b>	<b>1971</b>	<b>1693</b>	<b>16</b>	<b>6</b>

\* The Water Treatments business became part of the Additives division as of 1 January 1999.

Discontinued operations			% Change	
	January to March 2000 in CHF mio	January to March 1999 in CHF mio	In CHF	In local currencies
<b>Performance Polymers**</b>	469	411	14	5

\*\* In December 1999, the Company signed an agreement under which Morgan Grenfell Private Equity will buy the Performance Polymers division.

Sum of Continuing and Discontinued operations			% Change	
	January to March 2000 in CHF mio	January to March 1999 in CHF mio	In CHF	In local currencies
	2440	2104	16	6

### Ciba Specialty Chemicals (SWX:CIBN)

Ciba Specialty Chemicals is a leading company dedicated to producing high-value effects for our customers' products. Our specialty chemicals, added in small quantities, enhance the performance, look and feel of the final product. Business success is driven by our long-term strategy of innovation and continuous operational improvements. Ciba brings new and creative thought to the processes and products of our customers in more than 117 countries. Ciba generated sales of CHF 9 billion in 1999 and spent 300 million on R&D to foster innovation across the Company.

Please note: In accordance with the stated policy of Ciba Specialty Chemicals, the Company does not publish quarterly profit information. Ciba Specialty Chemicals will report its half-year financial results on 17 August 2000.

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